

Joint Select Committee on Corrections

Fifth Annual Report

December 15, 1999

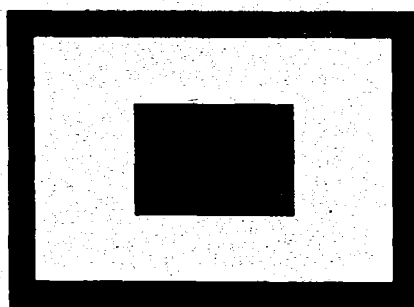
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JOINT SELECT COMMITTEE ON CORRECTIONS

Fifth Annual Report



Committee Members:

Representative Bob Burns, Chairman

Representative Mark Maiorana

Representative Jean Hough McGrath

Terry Stewart, Director

Department of Corrections

George Weisz, Policy Advisor

Office of the Governor

Senator Randall Gnant

Senator Pete Rios

Senator Marc Spitzer

J. Elliott Hibbs, Director

Department of Administration

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November 30, 1999

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JOINT SELECT COMMITTEE ON CORRECTIONS

Fifth Annual Report

1999

Laws 1994, Chapter 195 [*Appendix A*] established the Joint Select Committee on Corrections (JSCC) to receive testimony and make recommendations to the Legislature regarding prison construction and operation. Membership consists of three Senators, three members of the House of Representatives, the Director of the Arizona Department of Administration or designee, the Director of the Arizona Department of Corrections (ADC) or designee and a representative of the Governor's Office. JSCC is required to report annually by October 15. Because the Committee did not meet until November 15, 1999, the annual report was delayed

Since publication of the fourth annual report in 1998, JSCC met once, on November 15, 1999, to elect a chairman and to review areas of interest to the committee members concerning prison construction and operation [*minutes included as Appendix B*].

At the meeting on November 15, Representative Bob Burns was elected chairman. The Department of Corrections provided information on the following issues:

- ◆ **Status of the Lewis prison.** Chuck Ryan reported that three units of the Lewis complex are open at this time and described the difficulties of hiring sufficient correctional officers for the complex. The Department has conducted job fairs, adopted an aggressive advertising campaign and implemented van pools.
- ◆ **Inmate population forecast.** Darryl Fisher reported that inmate population growth has been less than initially expected, although the Department's long-term growth pattern is not expected to be affected by the last six-month aberration.
- ◆ **The Department's Telemedicine program** provides medical care to inmates at six of the state's prisons. The Department explained the program's effectiveness in containing costs related to providing medical services to inmates.
- ◆ **Competitive contracting.** Carl Nink explained the Department's recommendation to privatize Apache Prison, but ADC does not support privatization of the State Regional Prison Complex at Tucson or the Arizona State Prison Complex at Safford.
- ◆ **Speculative prisons.** A speculative prison is one that is developed without a contract with any agency for housing inmates, or a private prison that begins with a contract with one state, but later markets open beds to other states as it expands or loses the original contract. A speculative prison may be owned by a governmental entity which may not house any inmates in the facility, but contracts with a private operator to build and

operate the facility as a source of revenue and employment for the local community. Current Arizona law mandates establishment of an escape fund, requires private operators to maintain photographs and fingerprints of inmates, and to provide written notice of inmate transfer into Arizona (See sections 41-1683 and 41-1830.31, Arizona Revised Statutes).

The information provided to the Committee is included as *Appendix C*.

NOTE: All documents submitted to the Committee are on file in the Chief Clerk's Office of the Arizona House of Representatives and the Secretary of the Senate's Office of the Arizona State Senate.

APPENDIX A:

Joint Select Committee on Corrections Enabling Legislation

41-1610.03. Joint select committee on corrections; members;
terms; meetings; staffing

A. The joint select committee on corrections is established consisting of the following members:

1. Three members of the senate appointed by the president of the senate. Not more than two of the members shall be from the same political party.

2. Three members of the house of representatives appointed by the speaker of the house of representatives. Not more than two of the members shall be from the same political party.

3. The governor or the governor's designee.

4. The director of the department of corrections or the director's designee.

5. The director of the department of administration or the director's designee.

B. Members of the committee shall elect a chairman from the membership of the committee at the first committee meeting.

C. Members serving pursuant to subsection A, paragraphs 3, 4 and 5 are nonvoting members and are not members for purposes of determining a quorum. A quorum consists of four voting members.

D. The committee shall meet as the chairman deems necessary or on the call of the majority of the voting committee members.

E. Members of the committee are not eligible to receive compensation but are eligible for reimbursement of expenses pursuant to title 38, chapter 4, article 2.

F. The legislature shall provide staff and clerical support to the committee and shall advise and assist the committee in performing its responsibilities. Persons representing the state department of corrections and the department of administration shall provide information and technical assistance to the committee.

41-1610.04. Joint select committee on corrections; duties;
report

A. The joint select committee on corrections shall receive testimony from the department of administration regarding the construction schedule of prison beds previously authorized by the legislature.

B. The committee shall receive testimony from the department regarding the actual and anticipated growth or decline in the department's inmate population and make recommendations to the legislature regarding the number and security level of new prison beds the department will require to confine the projected number of new inmates. These recommendations may include private prison facilities.

C. The committee shall review and make recommendations to the legislature regarding future prisons.

D. The committee may consider other matters relating to prison construction or prison operations and may make recommendations to the legislature.

E. The committee shall review private incarceration facilities sites pursuant to section 41-1609.02.

F. The committee shall prepare an annual report of the recommendations of the committee and submit it to the governor, president of the senate and speaker of the house of representatives, no later than October 15 of every year.

APPENDIX B:

Meeting Notice & Minutes of Proceedings

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE OPEN TO THE PUBLIC

JOINT SELECT COMMITTEE ON CORRECTIONS

Date: November 15, 1999

Time: 1:30 p.m.

Place: Senate Hearing Room #1

AGENDA

1. Call to Order
2. Elect Chairman
2. Presentation on Prison Construction & Operation by the Arizona Department of Corrections
 - Status of the Lewis Prison Complex
 - Telemedicine Programs
 - Competitive Contracting
 - ASPC Winslow, Apache Unit
 - New Southern Regional Prison Complex at Tucson
 - ASPC Safford
 - Speculative Prisons
4. Other Business
5. Discussion
6. Adjourn

Members:

Senator Randall Gnant
Senator Marc Spitzer
Senator Pete Rios

Representative Bob Burns
Representative Jean Hough-McGrath
Representative Mark Maiorana

Non-Voting Members:

Elliott Hibbs, ADOA Director
Terry Stewart, ADC Director

George Weisz, Governor's Office

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NB/kn 10/26/99

ARIZONA STATE LEGISLATURE

JOINT SELECT COMMITTEE ON CORRECTIONS

**Minutes of the Meeting
November 15, 1999
1:30 p.m. Senate Hearing Room #1**

Members Present:

Senator Randall Gnant
Senator Marc Spitzer
Senator Peter Rios

Representative Bob Burns
Representative Jean Hough-McGrath
Representative Mark Maiorana

Non-Voting Members Present:

Elliott Hibbs, ADOA Director
Terry Stewart, ADC Director

George Weisz, Governor's Office

Staff:

Jim Keane, Senate GES Analyst
Kathi Knox, House Public Institutions & Universities Analyst

The meeting was called to order by acting chairman, Senator Randall Gnant.

Elect Chairman

Representative Hough-McGrath moved that Representative Burns be nominated as Chairman of the Select Committee on Corrections. The motion CARRIED unanimously by voice vote.

Chairman Burns stated this is an ongoing Committee which he believes is very important. He commented that most of the Legislative members are new to the Committee. Representative Burns said that Mr. Stewart has been to several meetings as have Mr. Weisz and Mr. Hibbs.

Presentation on Prison Construction and Operation Status of the Lewis Prison Complex

Deputy Director Chuck Ryan, Arizona Department of Corrections (ADC), gave the overview of the Lewis construction plan with the aid of a video presentation (Attachment A). He noted there are 10 State prison complexes and three private prisons which contract with the State. Mr. Ryan noted there are 26,144 inmates and that the number of beds available is 24,574, leaving a deficit of 1,570.

Mr. Ryan stated the Lewis Complex was completed on October 30, 1999, and turned over to the ADC by the Department of Administration (DOA) (Attachment B). He said

that today three units are partially opened, with the Stiner unit being used as a Level 3 unit and Morey as a Level 2. The Barchey will house Level 4 prisoners beginning next week. Mr. Ryan stated the other units are not occupied. The problem is an inability to attract and retain correctional officers (CO). He noted there are 1,082 positions available at the Lewis Complex, 389 of which have been filled, leaving 64.1% vacant. Mr. Ryan stated that at the current rate, it will be November, 2001 before ADC can fully staff this prison.

Mr. Ryan said this will have a significant impact on ADC's ability to occupy the prison. He noted that job fairs have been held, and a satellite recruiting center has been established at Perryville. Tours of the prison have been conducted, and advertising has been very aggressive. A van pool program has been implemented. ADC is pursuing a stipend of \$2,965,900 for correctional officer positions. ADC believes a stipend will work because such a program was implemented at Florence and Eyman complexes where there were significant hiring problems. ADC Director Terry Stewart implemented a 10% stipend, which has made a positive impact on employment. Mr. Ryan noted that the 15% stipend at Winslow was even more positive, and has almost wiped out the vacancies there. The stipends at Florence and Eyman may be increased.

Representative Hough-McGrath asked how much ADC spent for these stipends in the two locations. Mr. Stewart, Director of ADC, answered that the amount was \$5 million at both locations.

Presentation on Inmate Forecast and Bedplan

Dr. Darrell Fisher, Research Manager, ADC, came forward to give the inmate population forecast. He said ADC monitors inmate growth and updates the forecast. Using the video presentation (Attachment A), Dr. Fisher stated a trend analysis of five years of population data is done, which can be extended into future projections; it also yields a monthly growth rate. He noted the December, 1998, forecast called for growth of 134 inmates a month, while the current one calls for 114 a month. From December, 1998, through April, 1999, the growth was 123.7, but from May through October, 1999, the growth fell to -32.2 per month. This dramatic drop prompted the new updated forecast and a study of the decline.

Dr. Fisher said the 114 figure reflects a longer term trend modified by reduced growth. He said research shows the reduced level is due to a 20% shortfall in prison admissions in Maricopa County, or a reduction in criminal case filings. Filings are now back up by 22% from March through June, 1999, which should result in a recovery in prison admissions in early 2000. He predicted an average of 100 inmates per month. Dr. Fisher indicated a slide showing the breakdown of population in the current forecast. He said the inmate population in Arizona has followed a predictable upward trend over the last twenty years, and it is not likely that it will switch from an upward trend to diminished growth, but will return to its steady rate of growth, resulting in the need for additional funding for prison beds.

Representative Hough-McGrath stated she has read that Arizona has the highest prison population per capita of any state. Dr. Fisher responded that the actual ranking of Arizona is eighth according to the most recent figures. He stated Arizona is second in the crime rate which feeds the high level of inmate population. He noted the State is lower in the violent crimes than most high-inmate population states.

Mr. Ryan returned to the podium and displayed a slide showing the bed plan need for the next few years. He said the population will be in excess of 26,000 at the end of this fiscal year, which will mean a deficit of 1,599 beds. He noted 2,150 beds will be activated at the Lewis facility, and reminded the Committee it may be difficult to staff Lewis. A small female minors unit at Perryville will be opened, but a planned 400 bed DUI facility does not yet have an RFP. However, the 400 beds are reflected in the next year's bed capacity total.

Representative Burns asked why there was no RFP for the DUI facility. Mr. Stewart said there are two reasons for the lack of an RFP. First, the Department has developed a disagreement with the Attorney General over Mr. Stewart's authority to contract for private beds. He noted a meeting is scheduled the day after this meeting. In the last private prison contract, Florence West, there were two provisions that are problematic for the Attorney General. Mr. Stewart stated that one of them is the provision that should the [prison] company go out of business, the State has the first right to buy the beds, which has been in all contracts. He said the reason is obvious because there would be nowhere to put the inmates if the prison closed; the State should have the right to buy the "beds" to keep the prison population there. He said he realized that every time the State pays the per diem rate for an inmate, the State pays a portion of the capital cost for the facility. He asked that the State receive credit of that amount toward the facility so, if the State takes it over, the taxpayers would not have to pay for it twice. At that time, the Attorney General and private prison operations agreed to those terms. The current Attorney General says Mr. Stewart does not have the authority to do that. He said he does not want to put the RFP out for bids until this is worked out, and he may have to come to the Legislature for the authority. Mr. Stewart stated he believes it is common sense to amortize the taxpayers' cost.

Representative Burns asked why there was a change of opinion by the Attorney General. Mr. Stewart stated the provisions of the contract with Florence West had been worked out by the previous Attorney General. However, the current Attorney General has studied the statutes and does not believe that capital money can be used to pay for expenses. He said he has explained ADC's position, and the disagreement is holding up the RFP and a renewal contract until it is solved.

Mr. Stewart said the second reason for the RFP not being out for bids is because of the reduced growth in inmate population. Until ADC is sure the growth rate is going to return to previous levels, ADC believes it is appropriate to "hold off" on the RFPs because they can be implemented next year, rather than slowing down construction that is underway.

Mr. Ryan continued that with a growth of 1,371 inmates, 2002 would begin with a need of 28,000 beds and a deficit of 666. He said the column shown on the right of the slide presupposes that the 1,400 beds would not be built at all, and the deficit would then be 2,066 beds. In 2003, the balance of the Tucson complex would be ready with a minimum of 4,200 beds. Mr. Ryan said another need is for a new reception, diagnostic and mental health facility. He said Alhambra has 207 beds and on a daily basis, the inmate count far surpasses that. Mental health beds are needed as well, and the two have been merged into one unit so that the staff can deliver similar services to both the reception and mental health unit. Mr. Ryan said this will result in a surplus of beds in the prison system, although it will be short-lived and by 2006 there will be a deficit. He noted if the 1,400 private beds are not built, the deficit will be 2,700 beds.

Presentation on Prison Privatization

Carl Nink, Assistant Director, Prison Operations, stated that under authority of A.R.S. 41-1609 the Director has authority to privatize a unit, but there are some difficulties in proceeding with the Apache unit. Mr. Nink noted the enabling legislation is quite unique, and it is believed that legislation is needed to initiate an RFP.

Representative Burns stated that prior to the end of the last Session, several people met with regard to the Apache complex, and discussed the possibility of it becoming a private operation. He said his understanding is that it was an acceptable possibility to be explored. Since that time the statutory limitations have come forth, and will not be corrected until the next session beginning in January, 2000.

Mr. Nink utilized the slide presentation (Attachment A), and said that H.B. 2002 (Laws 1992) authorized the establishment of the Apache unit through an IGA, which was later amended to specify the terms of the lease agreement with ADC as a sublessee. The complex is owned by Bank One Arizona and the Apache County Finance Corporation as trustees. The lease guarantees ADC use of the complex for at least 15 years, not to exceed 20 years. The statutory authority which is required incorporates sheltering the portion of the interest the certificate holders would enjoy from State and federal income tax. He noted there is also a need for the Department of Administration (DOA) to be involved in the acquisition of the title and the authority to sell the institution. Mr. Nink said the private contractor could then move forward with payment for the prison and its expansion. Funds from the payment would be used to retire the certificate of participation. ADC does support the position of privatizing the Apache unit and also the expansion thereof.

Mr. Nink said the privatization of Southern Regional Prison Complex –Tucson is not recommended. He noted this is a large institution, and the criteria for privatization has always been a specialized unit where there is treatment, i.e., Marana, or a one-way population where the inmates are not expected to return unless there is a management problem. By inserting privatization into the multiple custody levels, it defeats ADC's ability to move inmates in order to manage and monitor the levels of custody. This would also increase the number of private prison beds from 6% to 22%, if the 1,400

beds are included by FY 2003. Mr. Nink said the positive activities associated with custody levels above minimum have not been demonstrated, and the private level is usually at the minimum custody level. There are only 4% of prisons nationwide which have attained maximum custody inmates.

Representative Burns asked how many total beds that 4% represents. Mr. Nink said he would provide that answer for the Committee.

Mr. Nink addressed the privatization of Safford, and said it is not recommended for that institution. He said ADC endeavors to cluster its complexes because it will reduce the costs required for administrative purposes and operations. Safford and Ft. Grant have recently been consolidated, and some positions reduced because of that.

Representative Hough-McGrath asked how far apart Safford and Ft. Grant are. Mr. Nink stated they are about 40 to 50 miles apart. She queried that the distance does not cause administrative problems, and Mr. Nink replied it does not.

Representative Maiorana stated that he understood additional infrastructure was added for future growth at Safford. Mr. Ryan answered Representative Maiorana's question, and stated that the infrastructure has been built. It is waiting expansion of the Tonto unit. At Safford, there is the Graham unit, which has been there 30 years, and the Tonto unit, which has been there four years. Safford is designed to expand to a 500 bed unit, and the infrastructure is there for growth in food service and the kitchen.

Representative Maiorana asked if there is a time table for expanding the Tonto unit. Mr. Stewart answered that past plans recommended building out Safford and Apache, and ADC would still like to do that when the beds are needed. As noted, they are master-planned to be expanded, and he feels it can be done inexpensively with inmate labor. They were not expanded during the last session, as when a complex like Tucson is built the bed costs are cheaper than building out. He said that in the future, it will be economically and operationally appropriate to build out Safford. He noted that Apache is a stand-alone prison, therefore a private contractor could buy it and expand it, but it would not be as feasible for the privatization of Safford.

Representative Maiorana stated that Graham County is very supportive of expanding Safford, both for the jobs and the economic impact.

Presentation on Speculative Prison Growth

Mr. Nink stated that speculative prisons are private prisons owned by governmental entities, or are private prisons which ask for contracts from various states and the federal government, and will build wherever they find favorable ground. He stated that Arizona is fertile ground for prison privatization, and there are not many regulations or requirements of private contractors. Mr. Nink said that maximum custody inmates are not prohibited within the borders of Arizona, although they are difficult to manage and present a public safety issue if they escape.

There are three private prisons which are authorized by the State. Those which are not under contract with ADC are Florence and Eloy. Mr. Nink asserted Kingman, Yuma, Tucson and Douglas contractors are seeking authority to build prisons in each of those cities. He said that states where monitoring is not required by statute are listed on a map demonstrated on the slide. Tennessee, Oklahoma and New Mexico monitor all private prisons within their states whether they are state-placed inmates or inmates from other states. They have licensing and fining authority over those prisons. Arizona's statutory requirements include liability for services and financial responsibility, maintaining photos and fingerprints, providing notice of inmate transfer into Arizona, and establishing an escape fund. ADC recommends the regulation of construction and operation, establishing start-up controls and staffing standards, and prohibiting the importation of maximum custody inmates.

Representative Burns noted there is notice of transfer of inmates into the State, and asked if that applied when inmates are transferred out. Mr. Nink said there is no such notice. Mr. Stewart added it is interesting in the way private prisons comply with the regulation. They send a letter to him with pages of inmate's names and numbers and the level of custody, which does not allow the State or ADC to do anything other than have a list. He said it provides no utility in regulating the flow of prisoners. Mr. Nink noted they also notify the Department of Public Safety (DPS) and the Governor's Office.

Representative Hough-McGrath asked if there is a pattern of problems in those areas, and why the recommendations were made. Mr. Nink said that specifying construction standards would ensure the safety of the public, the welfare and safety of the staff and the safety of the inmates in the institutions. He added it would provide for sound correctional practices which would reduce the potential for riot in the institutions.

Representative Hough-McGrath asked if there is a pattern of problems in private prisons in other states due to construction or operation. Mr. Nink said there have been problems with escapes and operations, specifically start-up controls where private prisons have not been ready to activate or have taken 900 inmates into a prison in three weeks, which does not give the staff time to adjust to its surroundings.

Mr. Stewart added that one escape, which involved six inmates escaping an institution, with six more that could have escaped behind them, precipitated the level of control the State now has. He said if the facility is not constructed right, it can allow escapes and then the potential is there for more attempts. Arizona focuses on keeping people in, but the private prisons only have to meet the local building and zoning regulations. Mr. Stewart said he believes it is appropriate for Arizona to set minimum standards for private prisons.

Representative Burns said he thinks there are organizations which evaluate prison operations and give them a "stamp of approval" through a certification process. Mr. Nink replied that the American Correctional Association has a certification and accreditation process, which requires the institution to have a policy in place, but does

not address the level of specificity that is required. Mr. Nink said there is no ongoing oversight of private prisons and people involved in the accreditation are coming from a variety of job activities, are doing the job every 27 months, and spend only a short time in the facility.

Representative Burns asked that staff note the problems with accreditation, and said at the next meeting, he would like to discuss it more thoroughly.

Mr. Nink stated ADC recommends the State prohibit the importation of maximum custody inmates, as they are the most serious and pose the most threat to the citizens.

Representative Hough-McGrath asked if there have been problems with maximum security prisons. Mr. Nink stated a medium-custody institution in Youngstown, Ohio, was sent several hundred maximum custody prisoners. Homicides inside the institution and several escapes from the institution followed, which resulted in the Legislature of Ohio imposing strict regulatory control over importation of maximum custody inmates and regulation of private prisons at large. He noted there were problems in Hobbs and several other New Mexico sites which are attributable to maximum custody inmates.

Representative Hough-McGrath asked if these incidents occur more frequently in private prisons. Mr. Nink replied in private prisons, especially speculative prisons, there are a combination of federal inmates from different states, the "culture of that institution" is not established, and the staffing is not experienced enough to assess the problem and take corrective action. He noted that private prisons have more inmates coming from multiple jurisdictions than a State prison.

Representative Hough-McGrath asked if those problems do not exist in "public" prisons or if they occur more frequently in private prisons. Mr. Nink said the types and number of problems which occurred in Youngstown or the private prisons in New Mexico do not occur in State prisons. They do seem to be more prevalent in private prisons because of the combination of factors. Representative Hough-McGrath asked if statistics on riots, break-outs and other problems across the Nation are kept, and if they are broken down between public and private institutions. Mr. Nink said he would endeavor to find out that information and supply it to the Committee. He noted part of the issue is that some states' statutes do not require prisons to report disturbances, and it is almost impossible to get that information from the private contractor as they do not want that information to be made public.

Representative Hough-McGrath asked how long the private prisons have been used in the United States. Mr. Nink said it has probably been since the mid-1980's.

George Weisz said there is a possibility of 6,000 beds coming into use which could be for maximum inmates and the number could increase or decrease without regulation. He referred to a recent decision to have a private facility in the Kingman area, and expressed concern about the public safety. Mr. Weisz noted the lack of regulation in

Arizona and said he feels there should be regulation from the safety standpoint. He added that some of the "common sense" issues should be discussed.

Tape 1, Side B

Presentation on Telemedicine

Dr. Tom Lutz, Deputy Director, Inmate Health Services, ADC, said the subject of telemedicine is very important to him and ADC. He said the program began in the fall of 1997, and ADC joined as part of the Arizona Telemedicine Program funded by the Legislature in 1996. Correctional telemedicine is medicine at a distance whereby a specialist is able to interact in "real time" and utilize methods of listening to the heart and lungs and provide medication. The program became important to ADC because of its many remote locations and rural correctional health care challenges, including the availability of rural specialist providers, security, transportation, and the prison setting. He said the transportation issue of moving a prisoner offsite requires a great deal of coordination.

Dr. Lutz stated the advantage of telemedicine is increased public safety, increased access to medical care, reduced travel costs, shortened diagnostic and treatment procedures and reduced overhead. The opportunities include continuing medical education, expansion to other facilities, networking and expanding the new technology.

Representative Hough-McGrath asked who would be the recipient of the continuing medical education. Dr. Lutz said it could be the professional staff, but it could encompass the wellness and prevention programs for the inmates, such as a diabetic clinic on giving shots.

Dr. Lutz emphasized improving the delivery of healthcare and increasing security while decreasing costs are very important factors. He stated the Yuma prison was the first telemedicine site with the hub at the University of Arizona (UofA) Science Center, where both hardware and academic specialty services are centered. The first telemedicine unit acquired provided synchronos medicine at a cost of \$75,000; the most recent unit, which does the same thing, but is more mobile and weighs less, cost \$28,000. He noted the ADC telemedicine program provided assessments for the use of electronic stethoscopes prior to their use by National Aeronautics and Space Administration (NASA) in the space program.

Dr. Lutz showed a slide portraying a doctor and a patient at a remote facility in Springerville, where the doctor is listening to the heart and lungs and providing that information to a specialist at the UofA Science Center. He said there is an active echocardiogram being presented to the doctor at the UofA. Dr. Lutz stated that "store and forward" technology is also used which involves the doctor and patient working together, compiling their case, and opening a computer file, which is compressed and sent to a remote site to be opened and reviewed by the specialist. He noted this is a very effective program for ADC. Dr. Lutz said "real time" is used in dermatology and

tele-psychiatry. Pictures are taken of the cases, sent to the UofA, and a diagnosis is given. Dr. Lutz stated that 60% of the cases are evaluated, given a diagnosis and returned within seven days.

Dr. Lutz discussed the monetary benefit of telemedicine. He said the program used 144 pre-telemedicine cases from Yuma, and calculated the cost of the specialty services for them. The cost was \$59,427 just for specialty physicians. The cost broke down to \$850 per consultation including transportation costs. The cost calculated for telemedicine consultations totaled \$467 per consultation, which netted \$382 in savings per case.

Dr. Lutz stated the telemedicine program has been running in Yuma for two years and is in operation at the Lewis complex. He noted the program is ready to open at Florence and Eyman within 30 to 60 days, and Safford and Douglas should be operational by the first of the year. He stated the "dawn of the millennium" is telemedicine, and this has made medicine available to whomever needs it wherever it is needed. He noted the Arizona Telemedicine Program is second in the Nation. He added that telemedicine will be showcased at a conference at the Hyatt Hotel in Phoenix the following weekend.

Mr. Stewart recognized Representative Burns for his support of the program, and said without him the program would not be where it is. He said it is not only a case of saving money, but the fact is that in Yuma ADC could not get medicine for the inmates.

Representative Burns said there is a good team on the telemedicine program, and he hopes that some good will come from the conference next weekend.

Senator Rios mentioned the difficulty in getting corrections officers in Buckeye and Florence, and wondered if the same difficulty exists in filling positions for plumbers, maintenance workers and other trades. He said he has heard that those people are not happy with the system.

Mr. Stewart said that when a prison system with a number of remote locations is operated in an economy where the unemployment rate is low, it is difficult to attract workers. He added the State is 12% to 15% below market in most of the salaries. He added there are specialists, such as the medical field, which are in great demand, and ADC is having difficulty recruiting in all positions, particularly corrections officers and medical specialties.

Senator Rios asked if ADC was considering stipends for any of those positions. Mr. Stewart stated ADC is in constant contact with DOA, and they are coming forth with some salary adjustments across the board. DOA asks for recommendations of classifications which are hard to fill so they can be addressed through the special market adjustments (SMA). He said there is always a greater need in addressing the hard-to-attract occupations than there is money to address them.

Representative Burns asked Ms. Knox to read the charge of the Committee. Ms. Knox stated the Joint Select Committee on Corrections is established statutorily and its duties

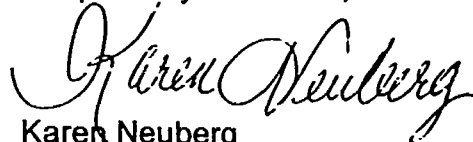
are outlined in A.R.S. 41-1610.04, which says the Committee is to receive testimony from ADC on projected growth, actual and anticipated growth and construction schedules of prison beds already authorized by the Legislature. This Committee is also to review recommendations for new prisons. She noted that several years ago, when the Lewis facility was authorized, ADC brought several suggested sites to the Committee, and the Committee members made their recommendations on selection of the site at the following Session. The Committee can also hear any other matters relating to construction and operations, and it is appropriate to forward recommendations to the Legislature on those matters.

Representative Burns asked the staff to determine the employment situation of private providers and see if there is a comparison between private companies and ADC in filling their slots for corrections officers.

Representative Hough-McGrath asked if ADC always opposes privatization or if this is a new recommendation. Mr. Stewart said ADC does not oppose privatization; in fact, it is a proponent of privatization. He said he believes it works best in certain populations or in certain ways. Mr. Stewart said he is concerned about breaking up the system of custody, but ADC has experimented with higher custody levels, and in the right situation, would support it. He added the way privatization is done in Arizona is very different from the way it is done in other states. Arizona requires a private operator to operate exactly like the State, and as long as it performs that way, there is a cost benefit to it, and public safety is ensured, ADC is not against privatization.

There being no further business, the meeting was adjourned at 3:00 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karen Neuberg". The signature is fluid and cursive, with the first name "Karen" written in a larger, more prominent script than the last name "Neuberg".

Karen Neuberg
Committee Secretary

APPENDIX C:

Agency Materials Submitted

ARIZONA DEPARTMENT OF CORRECTIONS



REPORT TO THE JOINT SELECT COMMITTEE ON CORRECTIONS

TERRY L. STEWART
Director

November 15, 1999

ARIZONA DEPARTMENT OF CORRECTIONS

**REPORT TO THE
JOINT SELECT COMMITTEE ON
CORRECTIONS**

TERRY L. STEWART
Director

November 15, 1999

INTRODUCTION

The information contained within this report was prepared by the Arizona Department of Corrections (ADC) for the November 15, 1999, meeting of the Joint Select Committee on Corrections (JSCC).

The JSCC was established by Laws 1994, Chapter 195. Pursuant to Arizona Revised Statutes (A.R.S.) § 41-1610.04, the JSCC is required to receive testimony from the Department of Corrections regarding prison population and other matters relating to prison construction or prison operations. Consistent with the charge of the JSCC, this report contains pertinent information relating to the operation of the Arizona prison system.

The document reviews information relating to the following subjects: The Status of ASPC-Lewis; Competitive Contracting with respect to ASP-Apache, SRPC-Tucson, and ASPC-Safford; Speculative Prisons, and; Telemedicine Programs.

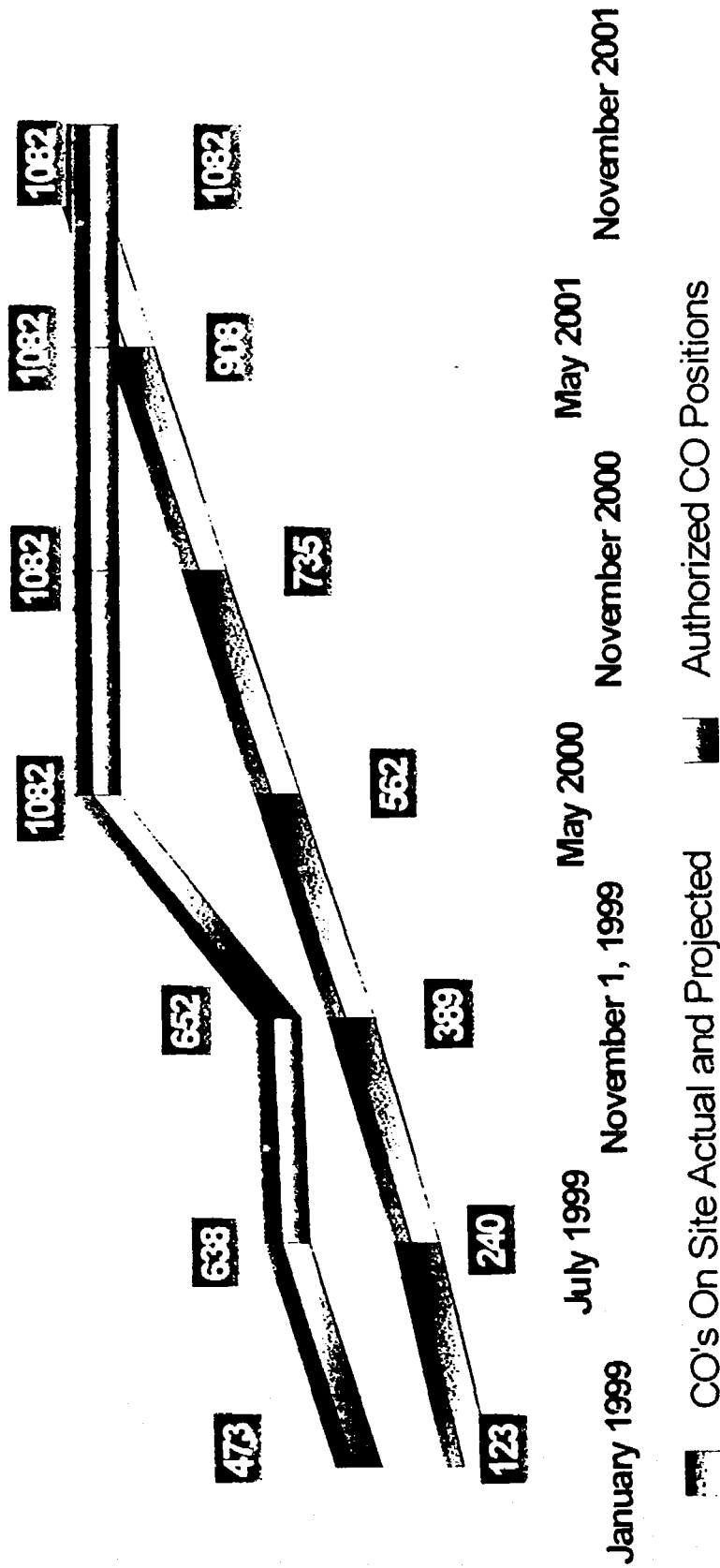
ASPC - LEWIS: BED/STAFF CHART

UNIT COMPLEX	LEVEL	# BEDS	AUTH STAFF	STAFF HIRED	% VACANT
			154	106	31.2
STINER	3	800	165	142	13.9
MOREY	4	800	169	45	73.4
BARCHEY	2	800	165	96	41.8
BUCKLEY	4	800	169	0	100
BACHMAN	3	600	137	0	100
RAST	3	<u>350</u>	<u>123</u>	<u>0</u>	<u>100</u>
TOTALS		4150	1082	389	64.1

Correctional Officers on Site: ASPC-Lewis Complex

January 1999 - November 2001

+266 since January 1, 1999 - 6.65 per week average net gain

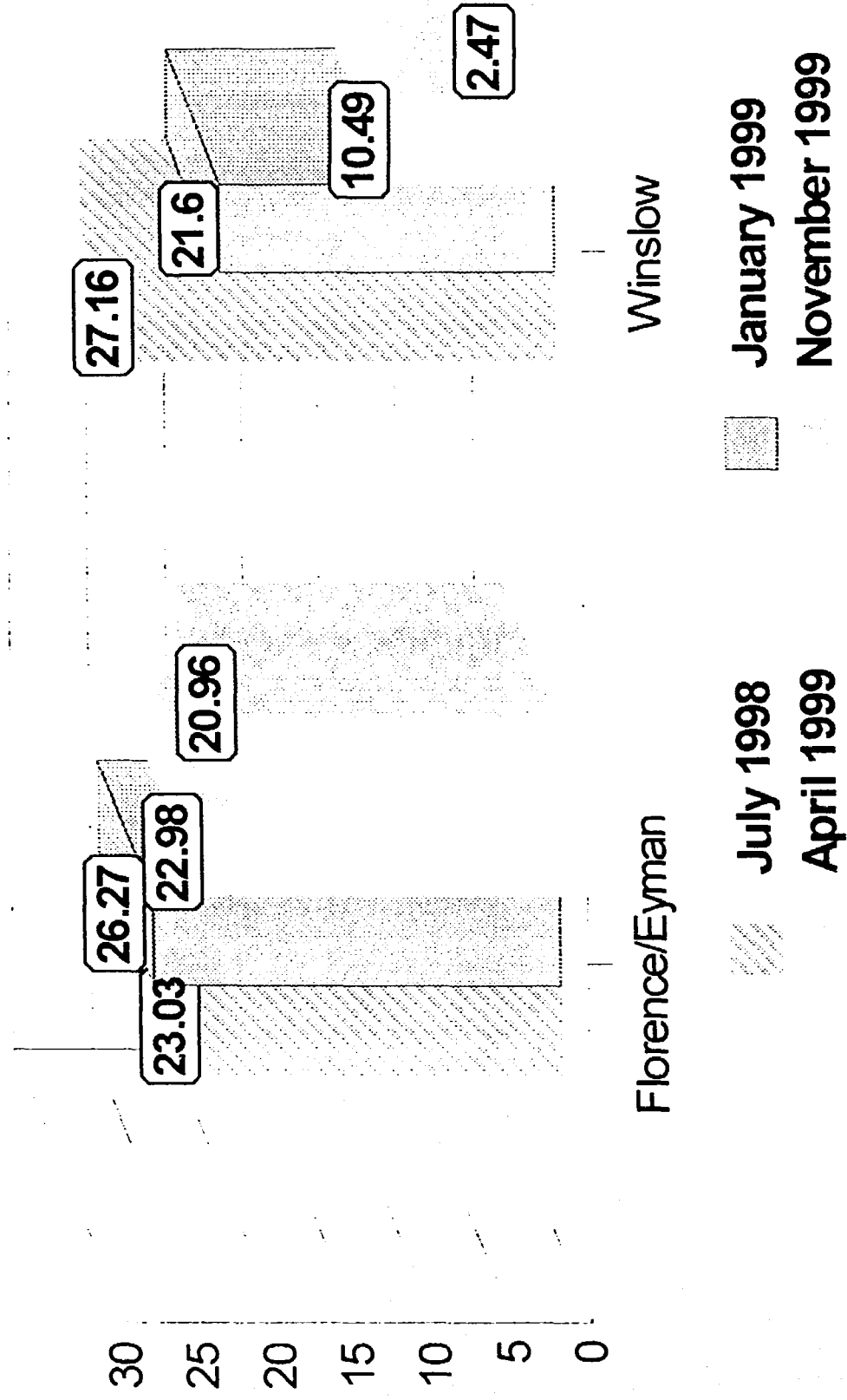


ACTIONS TAKEN

- RUSH ACTIVITIES
 - ▶ Job Fairs on site February, May and October 1999
 - ▶ Satellite Recruiting Center established at Perryville
 - ▶ Tours conducted for Phoenix applicants
 - ▶ Aggressive Advertising campaign
- VANPOOL
 - ▶ Six Vans Approved
 - ▶ 45 - 60 Riders Expected
- STIPENDS
 - ▶ \$2,965,900 Requested for all CO Positions
 - ▶ Positive, Measurable Results at Other Institutions

Vacancy Rates at Stipend Locations

Stipends Approved August 1998
(Florence/Eyman: 10% - Winslow: 15%)



INMATE POPULATION FORECAST

- Forecasting Model:
Trend Analysis of Five Years of
Month-Ending Population Data
- Expressed in Terms of Monthly Growth Rates
- Projected Monthly Growth:
 - ▶ Previous Forecast (Nov. 1998) **134**
 - ▶ Current Updated Forecast (Oct. 1999) **114**

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 07-16-2009 BY 60322/SKS

- Previous Forecast (Nov 1998 - April 1999)
Projected Growth 134.0
Actual Growth 123.7
- Previous Forecast (May 1999 - Oct 1999)
Projected Growth 134.0
Actual Growth -32.2
- Current Forecast Reflects 5-Year Historical Trend
Modified by Six Months of Reduced Growth

RECENT REDUCED GROWTH

May-October 1999

- Reduced Growth Due to 20% Shortfall in Prison Admissions from Maricopa County
- Shortfall Associated with 20% Reduction in Criminal Case Filings (April 1998 to Feb 1999)
- Filings Back Up by 22% (March - June 1999)
- Expect Corresponding Recovery in Prison Admissions Beginning in Early 2000
- Long-Term Growth Pattern Not Likely to Be Affected by this Six-Month Aberration

PROJECTED MONTHLY POPULATION GROWTH

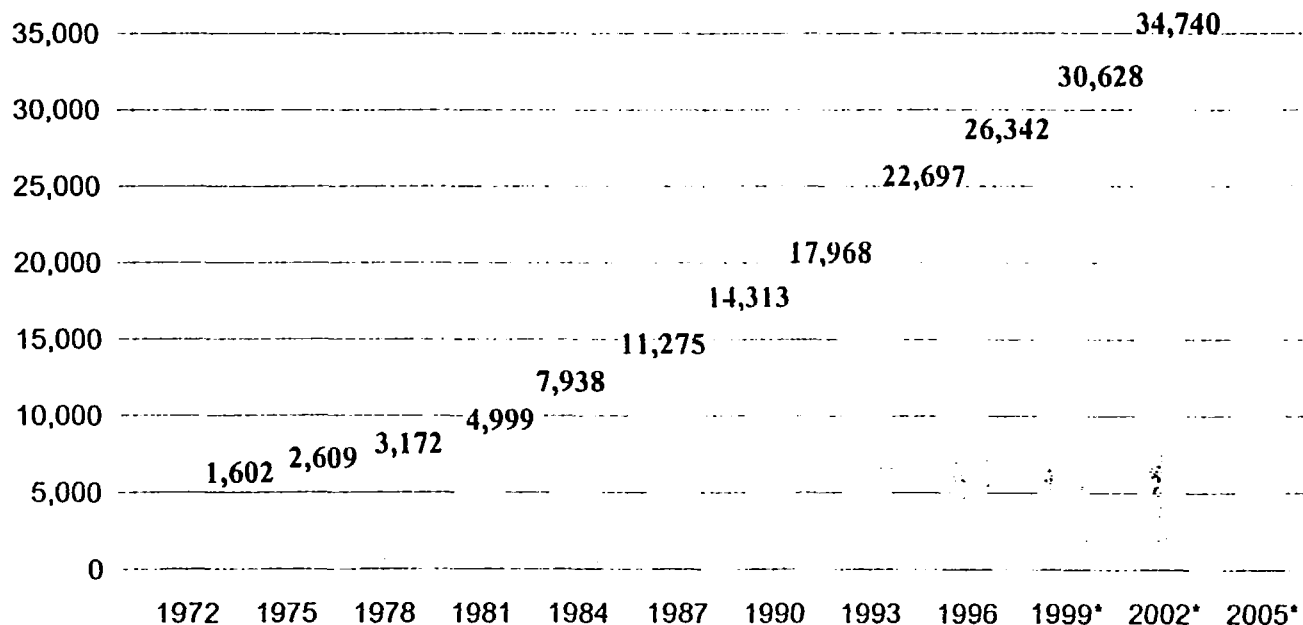
CURRENT FORECAST

• Adult Male General Population	84.8
• Adult Male DUI	16.0
• Adult Female General Population	10.0
• Male Minors	3.38
• Female Minors	0.04
TOTAL	114.2

PRISON POPULATION TREND AND PROJECTIONS

Calendar Year Ending, 1972 - 2005

• Population projections based on October 31, 1999 population of 26,114 and 114.2 per month growth.



ADDITIONAL DEFENSE OF CORRECTIONS
Design Bed Capacity and Population Projections
Based on 114 Net Growth Per Month

CHANGES	Bed Capacity	Population Growth	Bed Surplus /Deficit	- New 1,400 Private Beds
FY 2000 (as of Sept. 30, 1999)				
ASPC-Lewis Activation	24,574	26,173	(1,599)	
ASPC-Perryville Female Minors	2,150			
PRIVATE-DWI	32			(400)
Begin conversion ASPC-Perryville (F)	400			
Annual Population Growth	0	1,028		
FY 2001				
Complete conversion ASPC-Perryville (F)	27,156	27,201	(45)	(445)
Close ASPC-Phoenix/ACW	0			
PRIVATE - Males	(250)			(1,000)
Annual Population Growth	1,000	1,371		
FY 2002				
TUCSON-New Complex Activation	27,906	28,572	(666)	(2,066)
Annual Population Growth	1,100	1,371		
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TUCSON-New Complex Activation	29,006	29,942	(936)	(2,336)
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FY 2004				
Reception/Diagnostic & Mental Health	32,306	31,313	993	(407)
Close ASPC-Phoenix	1,000			
Annual Population Growth	(552)	1,371		
FY 2005				
Annual Population Growth	32,754	32,684	70	(1,330)
FY 2006				
Annual Population Growth	32,754	34,054	(1,300)	(2,700)

COMPETITIVE CONTRACTING

Arizona State Prison - Apache

ADC supports the privatization of Apache, with the contractor owning and expanding the unit. However, the Department has experienced some difficulty in accomplishing this endeavor.

Under normal circumstances, the Director is authorized to privatize. In this case however, a legislative change is required to retire the Certificates of Participation, and to authorize the Director of the Department of Administration to acquire the title and sell the facility to the private contractor. The September 22, 1999, letter from Director Stewart to Representative Burns on the following page outlines this problem in detail.

State Regional Prison Complex - Tucson

ADC does not recommend the privatization of the State Regional Prison Complex (SRPC) at Tucson. When evaluating prospects for privatization, ADC looks for populations that are specialized, or one-way populations. SRPC-Tucson does not fit this criteria, and historically, ADC has limited privatization efforts to minimum inmate custody levels. Additionally, privatization of SRPC-Tucson would break up the system of custody levels by inserting a private contractor. Furthermore, privatizing SRPC-Tucson would increase the percentage of privatization within ADC from 6% to 22%.

Arizona State Prison Complex - Safford

ADC does not recommend the privatization of the Arizona State Prison Complex (ASPC)-Safford. The Department recently consolidated Safford and Fort Grant in an effort to reduce administrative costs. Additionally, in order to assess the value of Fort Grant, ADC would be forced to split the two institutions again prior to privatizing.

Arizona Department of Corrections



JANE DEE HULL
GOVERNOR

1601 WEST JEFFERSON
PHOENIX, ARIZONA 85007
(602) 542-5556



TERRY L. STEWART
DIRECTOR

September 22, 1999

The Honorable Robert "Bob" Burns, State Representative
Chair, Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

RE: Privatization of the Apache Prison Facility

Dear Representative Burns:

Thank you for your letter of July 30, 1999, regarding privatization and expansion of the Apache Prison Unit. As I have indicated in the past, the Department is willing to proceed with the concept of privatizing the Apache prison and is agreeable to the publication of a Request For Proposal (RFP) for both the operation and expansion of the Apache Prison facility. The issue of authority under ARS 41-1609, et seq, has been reviewed. I believe, under normal circumstances that issuance of an RFP to solicit prospective offerors to privatize a public facility could be initiated. In this case, that authority is conditional to the terms and conditions in the Trust Agreement that is specific and unique to the Apache Unit.

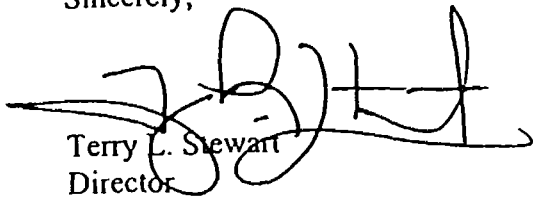
As you may be aware, the Apache Unit is owned by Bank One, Arizona, and the Apache County Public Finance Corporation as the Trustee. ADC is engaged with Apache County, who is the lessee, as a sublessee. Further, the Trust Agreement requires the notice and concurrence of the bond holders before action can be undertaken. The Trust agreement articulates the methodology for Defeasance wherein all outstanding certificates shall be paid and discharged. The certificates should be retired to address the tax-free status of the existing Certificate of Participation (COP).

Department staff have consulted with the Arizona Department of Administration, the Office of the Attorney General and the State's bond counsel, Squire, Sanders and Dempsey, regarding this matter. We confirmed that the legislation which established this prison was very specific and that statutory authority must be provided to enable the sale or conveyance of the prison facility to the private contractor. Retirement of the COPs would be accomplished with funds provided for that purpose by the successful private contractor. This step is necessary and is absolute for both the expansion and privatization because under other provisions of law the prison cannot be sold because it would still be used for State purposes.

Representative Robert Burns
September 22, 1999
Page Two

Unfortunately, the required statutory authority does not exist, and therefore, we are unable to proceed with the publication of an RFP, until that authority is granted under the statutes. We stand ready to assist you and the Legislative Council in the preparation of such statutory authority for consideration during the next legislative session.

Sincerely,



Terry L. Stewart
Director

TLS/CEN/rc

copy: George Weisz, Executive Assistant, Law Enforcement & Criminal Justice, Governor's Office
The Honorable Brenda Burns, President, Arizona State Senate
The Honorable Tom Smith, Arizona State Senate
The Honorable Jeff Groscost, Speaker of the House, Arizona House of Representatives
The Honorable Jake Flake, Arizona House of Representatives
Michael Bradley, Special Assistant to the Majority, Arizona House of Representatives
James Jayne, Director of Operations, Arizona House of Representatives
Reed Spangler, Policy Advisor to the Majority, Arizona State Senate
Elliott Hibbs, Director, Arizona Department of Administration
Tom Betlach, Director, Office of Strategic Planning & Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Brad Regens, Senior Fiscal Analyst, Joint Legislative Budget Committee

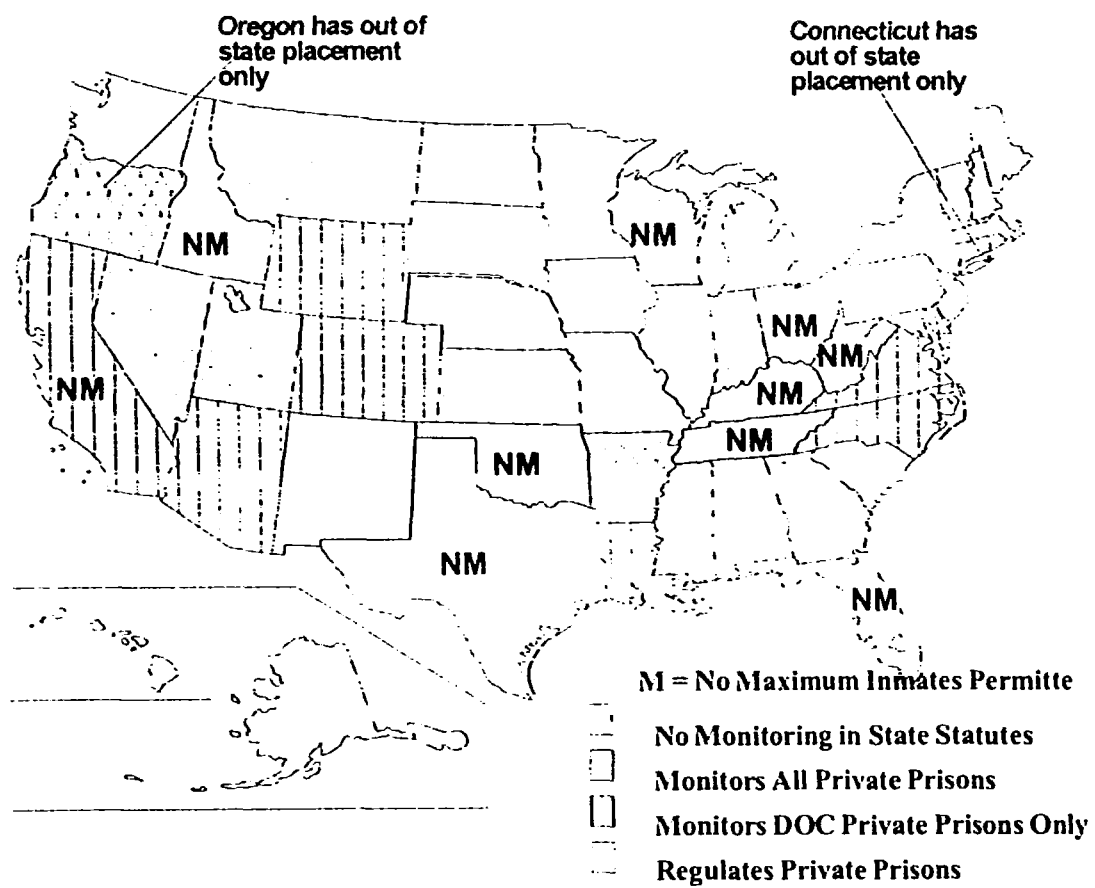
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SPECULATIVE PRISONS

Speculative prisons are prisons that are developed without a contract with any agency for the housing of inmates, or a private prison that begins with a contract with one state, but later markets open beds to other states as it expands or loses the original contract. A speculative prison may be owned by a governmental entity which may not house any inmates in the facility, but contacts with a private operator to build and operate the facility as a source of revenue and employment for the local community.

Arizona is an attractive location for speculative prisons. The only regulation that currently exists is outlined in A.R.S. 41-1683 and A.R.S. 41-1830.31. A.R.S. 41-1683 stipulates that private operators must maintain photographs and fingerprints of inmates, and must provide written notice of inmate transfer into Arizona. A.R.S. 41-1830.31 mandates the establishment of an escape fund. No other regulation currently exists. Additionally, there is no statutory prohibition on the importation and housing of maximum security inmates in Arizona.

The chart on the following page outlines regulation of private prisons in all 50 states.



Arizona Department of Corrections

Inmate Health Services Division

October 1999

Telemedicine Update

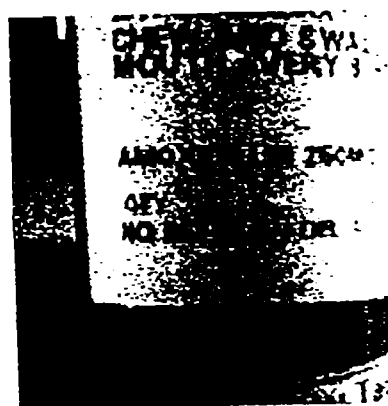
Arizona Correctional Telemedicine Conference

The Arizona Department of Corrections and the Arizona Telemedicine Program are cosponsoring the Arizona Correctional Telemedicine Conference. The conference will take place from November 21st through November 23rd at the Hyatt Regency in Phoenix, Arizona. This will be a unique learning opportunity for those interested in building a successful telemedicine program or for those who would like to enhance their existing programs.

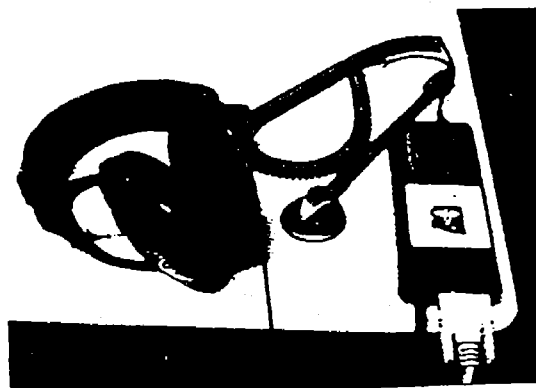
Some of the highlights of the conference include presentations by Robert M. Brecht, Ph.D., International Telemedicine Center, Inc., Ronald S. Weinstein, M.D., Arizona Telemedicine Program, Dena Puskin, Sc.D., Department of Health and Human Services, Thomas Lutz, D.O., C.C.H.P., Arizona Department of Corrections, Kenneth P. Moritsugu, M.D., M.P.H., the Deputy Surgeon General, has been invited as the conference's keynote speaker.

The conference will explore topics such as strategic planning, introduction to telemedicine technologies, designing and implementing telemedicine technologies, correctional health care, telemedicine assessment, re-engineering health care delivery systems, telemedicine speciality overviews, business and legal issues, network design for telemedicine programs, as well as commercial exhibits of the latest equipment and software.

For more information on the conference, contact the Arizona Telemedicine Program at the University of Arizona Health Sciences Center at (520) 626-4785.



Photograph: Telemedicine technology allows even the minute details of a prescription bottle to be read from a distance.



Photograph: This stethoscope allows a provider to hear human body sounds miles away.

Telemedicine Training

On August 15, 1999, the Arizona Telemedicine Program provided training for the new ADC telemedicine site staff from Douglas, Lewis, and Safford. The Arizona Department of Corrections facilitated three training sessions during this program. The first session was an overview of correctional telemedicine and it discussed the challenges of correctional health care and how telemedicine helps a correctional organization meet those challenges. The second session discussed practical aspects of correctional telemedicine. This session was followed by a third session that addressed Arizona's emerging correctional telemedicine plan.

Telemedicine Program Recognized

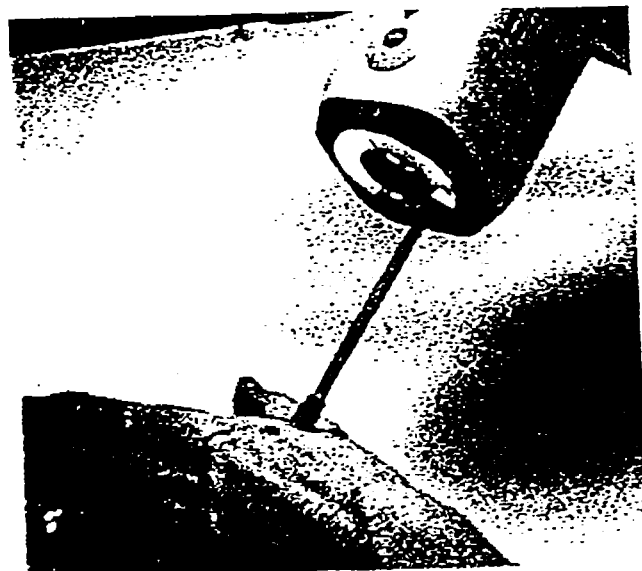
The Arizona Telemedicine Program is rapidly becoming a national model for telemedicine. This is evidenced by three awards the Arizona Telemedicine program has recently received:

1. TeleCon XVIII National Award (2nd Place) - TeleCon is the world's largest teleconferencing, distance learning and telemedicine conference.
2. Most Outstanding Individual Achievement in Telemedicine - Awarded to Ronald S. Weinstein, MD, Director of the Arizona Telemedicine Program and often referred to as the father of Telepathology
3. Manuscript Excellence Award (Paper of the Year) - Awarded to the Arizona Telemedicine Program and the Department of Veterans' Affairs for the most outstanding scholarly paper published in 1997 by the Telemedicine Journal.

ADC Telemedicine Program Recognized at National Conference

On June 12, 1999, Dr. Thomas Lutz, Deputy Director of the Arizona Department of Corrections Inmate Health Services Division, presented the Arizona Telemedicine Program at a national conference on health care communications. This conference was sponsored by the Health Sciences Communications Association and the Association of Biomedical Communications Directors.

Dr. Lutz was included among the distinguished speakers because of the Department's involvement in the Arizona Telemedicine Program. Correctional telemedicine within Arizona's prisons is integral to the success of the Arizona Telemedicine Program. Dr. Lutz' presentation highlighted the structure of the telemedicine program, implications for its use, future directions of telemedicine, the positive impact of telemedicine on the delivery of health care services, as well as ADC's involvement in the telemedicine program and the benefits of correctional telemedicine to the State of Arizona.



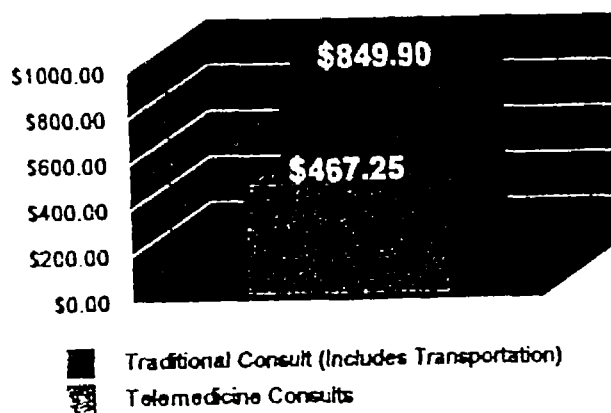
Photograph: Telemedicine technology in action.

Cost-Containment

A detailed cost-benefit analysis has been performed by the Inmate Health Services Division of the Arizona Department of Corrections. This analysis compared the average cost of a specialty consultation in which a prisoner is being transported off prison grounds to a specialty consultation via telemedicine technology.

The average cost of each telemedicine consultation performed from the Arizona State Prison Complex Yuma is approximately \$467.25 (including operating costs). If telemedicine technology was not available for these consultations, the average cost would be approximately \$849.90 (including transportation costs). This definitely shows how telemedicine helps contain costs in the prison environment.

Telemedicine Cost Savings

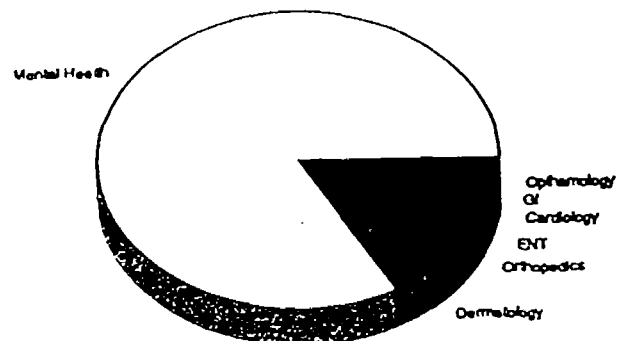


Administrative Benefits

ADC has actively utilized telehealth technology for staff educational opportunities, management meetings for staff and as a means of interviewing job applicants that live in remote areas. This allows for education and administrative meetings to occur while at the same time reducing statewide travel.

Types of Telemedicine Consults

(As of August 1999)



Breakdown

Type of Visit	% of Total Cases in 1999
Psychiatry	83%
Dermatology	7%
Orthopedics	4%
ENT	3%
Cardiology	1%
GI	1%
Opthamology	1%

The Arizona Department of Corrections is using its telemedicine equipment for more mental health consultations. As of September 1998, only 29% of the total telemedicine cases were psychiatric consultations. However, so far in 1999, 83% of the cases were in the field of telepsychiatry.

Telepsychiatry is particularly important to the Department of Corrections since many of the State prisons, including ASPC-Yuma, do not have psychiatrists on staff.

Telemedicine Glossary of Terms

Telecommunications

The use of wire, radio, optical, or other electromagnetic channels to transmit or receive signals for voice, data, and video communications.

Teleconferencing

Interactive electronic communication between two or more people at two or more sites, which make use of voice, video, and/or data transmission.

Telediagnosis

The detection of a disease by evaluating data transmitted to a receiving station from instruments monitoring a distant patient.

Teleinformatics

The application of electronic and telecommunications technology to the management and processing of data, information, and knowledge.

Telematics

The use of electronic and telecommunications technologies to provide and support health care when distance separates the participants.

Telemedicine

The use of electronic and telecommunications technologies to provide and support health care when distance separates the participants

Telementoring

The use of audio, video, and other telecommunications and electronic information processing technologies to provide individual guidance or instruction, for example, involving a consultant guiding a distant clinician in a new medical procedure.

Telemonitoring

The use of audio, video, and other telecommunications and electronic information processing technologies to monitor patient status at a distance.

Telepresence

The use of robotic and other devices that allow a person (e.g., a surgeon) to perform a task at a remote site by manipulating instruments (e.g., lasers or dental hand pieces) and receiving sensory information or feedback (e.g., pressure akin to that created by touching a patient) that creates a sense of being present at the remote site and allows a satisfactory degree of technical performance (e.g., dexterity).

Teletext

A broadcasting service using several otherwise unused scanning lines (vertical blanking intervals) between frames of TV pictures to transmit information from a central database to receiving television sets.

From: Institute of Medicine. *Telemedicine: A Guide to Assessing Telecommunications in Health Care*. National Academy Press. Washington, D.C., 1996.



ARIZONA DEPARTMENT OF CORRECTIONS



TERRY L. STEWART
DIRECTOR

1999 BRIEFING TO THE JOINT SELECT COMMITTEE ON CORRECTIONS

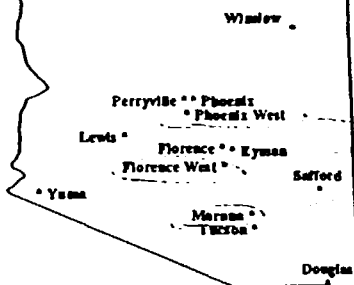
NOVEMBER 15, 1999

AGENDA TOPICS

- ASPC-Lewis Construction & CO Hiring
- Inmate Forecast and Bedplan
- Prison Privatization
 - ASP - Apache
 - New Southern Regional Prison Complex - Tucson
 - ASPC-Safford
- Speculative Prisons
- Telemedicine

PRISON COMPLEX LOCATIONS

of Inmates: 26,144
of Beds: 24,574
Deficit: -1,570



LEGEND

* STATE PRISON COMPLEXES

* PRIVATE PRISONS

ASPC - LEWIS CONSTRUCTION & CO HIRING

ASPC - LEWIS



OPEN UNITS

1. STINER
2. MOREY
3. BARCHEY

COMPLETED UNITS

4. BUCKLEY
5. BACHMAN
6. RAST

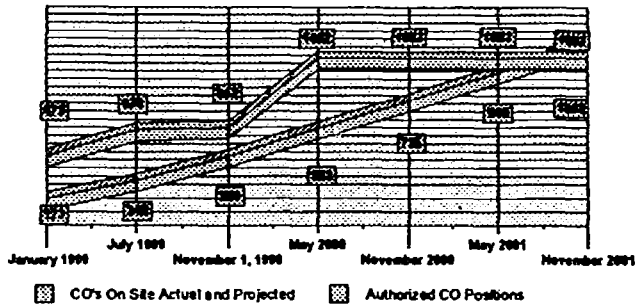
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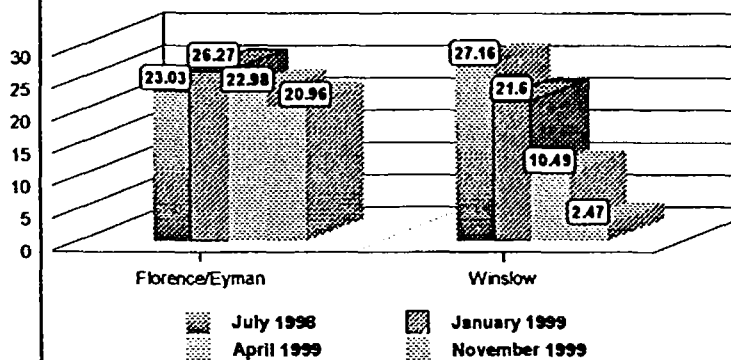


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INMATE FORECAST AND BEDPLAN

INMATE POPULATION FORECAST

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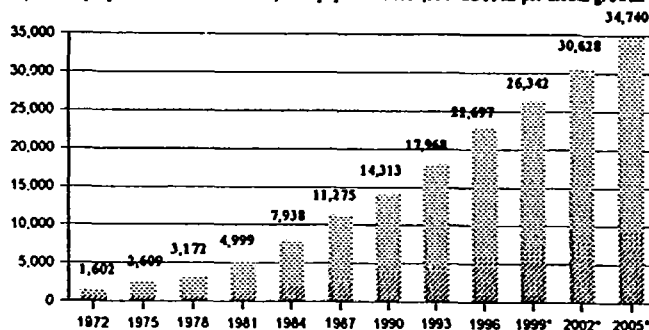
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ARIZONA DEPARTMENT OF CORRECTIONS Design Bed Capacity and Population Projections Based on 114 Net Growth Per Month

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FY 2006	32,754	34,054	-1,300	(2,700)

Prepared by: ADC Office of Strategic Planning and Budgeting
Date Prepared: November 10, 1999

PRISON PRIVATIZATION

ASP - APACHE

ASP - APACHE

- ADC Director Normally Authorized to Privatize
- Difficulties with Proceeding to Privatize ASP-Apache
 - Enabling Statutes are Unique
 - Legislation is Required to Authorize and Initiate an RFP

ASP - APACHE

LEGISLATIVE HISTORY

- House Bill 2002 (1992) authorized the Apache County Board of Supervisors to enter into an Intergovernmental Agreement with the Department for the lease of a prison with approximately 250 beds.
- The terms of the lease provisions in this Bill were amended in 1993
- The Lessee is Apache County and ADC is a Sublessee.
- The Prison is Owned by Bank One, Arizona and the Apache County Public Finance Corporation as Trustees

ASP - APACHE

STATUTORY AUTHORITY NEEDED

- **Retire the Certificates of Participation:**
 - So that the Interest Portion is Sheltered from State and Federal Income Tax
- **Authorize Department of Administration Director:**
 - To Acquire Title and Sell to a Private Contractor
 - Private Contractor then Authorized to Operate and Expand the Facility (subject to terms of the RFP)

ASP - APACHE

ADC POSITION

ADC SUPPORTS THE CONCEPT OF
PRIVATIZING THE APACHE UNIT, WITH THE
CONTRACTOR OWNING AND EXPANDING
THE UNIT

SOUTHERN REGIONAL PRISON COMPLEX - TUCSON

SRPC - TUCSON

- Privatizing SRPC - Tucson: **Not Recommended**
 - Does Not Meet ADC Criteria: Not a Specialized or One Way Population
 - Breaks up System of Custody Levels by Inserting a Private Contractor
 - Increases Number of Private Beds from 6% to 22% (22% includes 1400 newly authorized private beds)
 - Private Sector Results With Custody Levels Above Minimum are Mixed

ASPC - SAFFORD

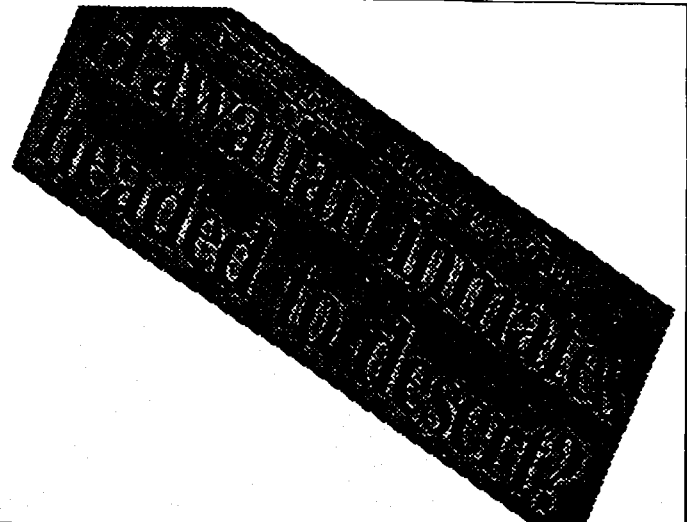
ASPC - SAFFORD

- Privatizing ASPC - Safford: **Not Recommended**
 - ADC Seeks to Cluster Prisons for Reduced Costs (Apache is an exception and therefore appropriate for privatization)
 - ADC Recently Consolidated Safford and Ft Grant to Reduce Administrative Costs
 - Difficulty in Assessing Ft Grant's Value Would Force ADC to Split the Two Institutions Again Before Privatizing

SPECULATIVE PRISON GROWTH

WHAT IS A SPECULATIVE PRISON?

- A privately operated prison
 - May be owned by a governmental entity, which may not house any inmates in the facility but contracts with the private company to build and operate the prison as a source of revenue and jobs for the local community.
- A prison developed on a speculative basis
 - Without a contract with any agency for the housing of inmates, or
 - A private prison that began with a contract with one state but later markets open beds to other states as it expands and/or loses the original contract.



Arizona is Fertile Ground for Private Prisons

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Arizona is Fertile Ground for Private Prisons

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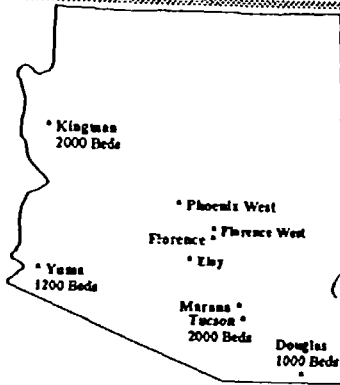
SPECULATIVE PRISON GROWTH

- Arizona is Fertile Ground for Private Prisons
- Little or No Current Regulation
- No Prohibition on Importing Maximum Custody Inmates

MAXIMUM CUSTODY INMATES

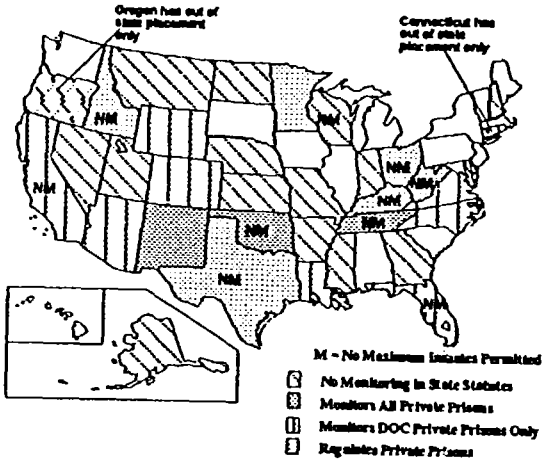
- VIOLENT INMATE
- ESCAPE HISTORY
- LONGER TERM SENTENCES
- DIFFICULT TO MANAGE
- SERIOUS PUBLIC SAFETY ISSUES IN ESCAPE SITUATION

PRIVATE PRISON LOCATIONS



LEGEND

- * ADC Private Prisons
(NOT INCLUDING 1400 NEWLY
AUTHORIZED PRIVATE BEDS)
- * Existing Private Prisons
Not Under ADC Contract
- * Non-ADC Private Prisons
Under Consideration



CURRENT STATUTORY REQUIREMENTS

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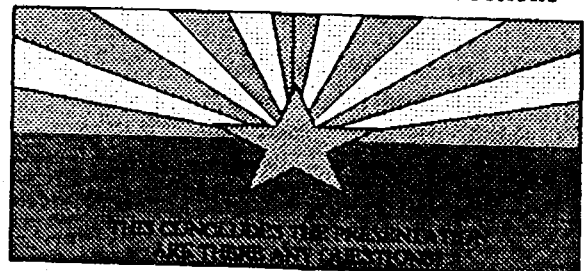
ADC RECOMMENDATIONS

1. REGULATE CONSTRUCTION AND OPERATION
2. ESTABLISH START UP CONTROLS AND STAFFING STANDARDS
3. PROHIBIT THE IMPORTATION OF MAXIMUM CUSTODY INMATES

TELEMEDICINE

ADP ARIZONA DEPARTMENT
OF CORRECTIONS

Joint Select Committee on Corrections





ARIZONA DEPARTMENT OF CORRECTIONS



TERRY L. STEWART
DIRECTOR

1999 BRIEFING TO THE JOINT SELECT COMMITTEE ON CORRECTIONS

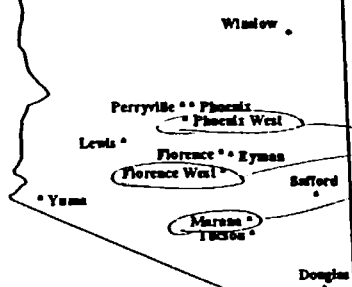
NOVEMBER 15, 1999

AGENDA TOPICS

- ASPC-Lewis Construction & CO Hiring
- Inmate Forecast and Bedplan
- Prison Privatization
 - ASP - Apache
 - New Southern Regional Prison Complex - Tucson
 - ASPC-Safford
- Speculative Prisons
- Telemedicine

PRISON COMPLEX LOCATIONS

of Inmates: 26,144
of Beds: 24,574
Deficit: -1,570



LEGEND

* STATE PRISON
COMPLEXES

* PRIVATE PRISONS

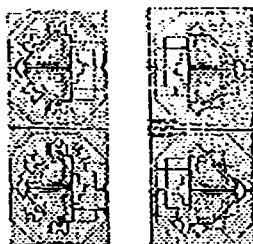
ASPC - LEWIS CONSTRUCTION & CO HIRING

ASPC - LEWIS



6

5



4

3

2

1

OPEN UNITS

1. STINER
2. MOREY
3. BACHEY

COMPLETED UNITS

4. BUCKLEY
5. BACHMAN
6. RAST

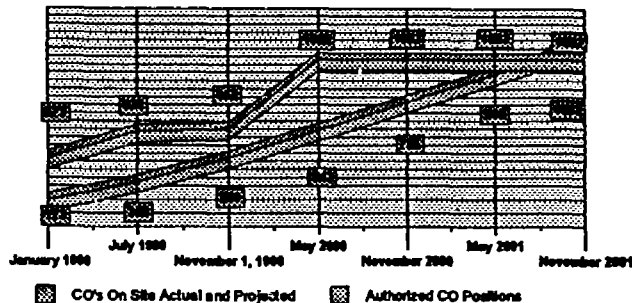
ASPC - LEWIS: BED/STAFF CHART

UNIT	LEVEL	# BEDS	AUTH STAFF	STAFF HIRED	% VACANT
COMPLEX			154	106	31.2
STINER	3	800	165	142	13.9
MOREY	4	800	169	45	73.4
BACHEY	2	800	165	96	41.8
BUCKLEY	4	800	169	0	100
BACHMAN	3	600	137	0	100
RAST	3	350	123	0	100
TOTALS		4150	1082	389	64.1

Correctional Officers on Site: ASPC- Lewis Complex

January 1999 - November 2001

+266 since January 1, 1999 - 0.85 per week average net gain

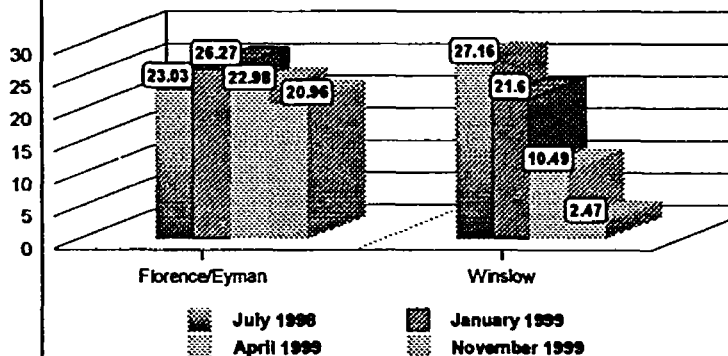


ACTIONS TAKEN

- **RUSH ACTIVITIES**
 - Job Fairs on site February, May and October 1999
 - Satellite Recruiting Center established at Perryville
 - Tours conducted for Phoenix applicants
 - Aggressive Advertising campaign
- **VANPOOL**
 - Six Vans Approved
 - 45 - 60 Riders Expected
- **STIPENDS**
 - \$2,965,900 Requested for all CO Positions
 - Positive, Measurable Results at Other Institutions

Vacancy Rates at Stipend Locations

Stipends Approved August 1998
(Florence/Eyman: 10% - Winslow: 15%)



INMATE FORECAST AND BEDPLAN

INMATE POPULATION FORECAST

- **Forecasting Model:**
Trend Analysis of Five Years of
Month-Ending Population Data
- Expressed in Terms of Monthly Growth Rates
- **Projected Monthly Growth:**
 - Previous Forecast (Nov. 1998) 134
 - Current Updated Forecast (Oct. 1999) 114

POPULATION FORECAST ACCURACY

- **Previous Forecast (Nov 1998 - April 1999)**
Projected Growth 134.0
Actual Growth 123.7
- **Previous Forecast (May 1999 - Oct 1999)**
Projected Growth 134.0
Actual Growth -32.2
- Current Forecast Reflects 5-Year Historical Trend
Modified by Six Months of Reduced Growth

RECENT REDUCED GROWTH May-October 1999

- Reduced Growth Due to 20% Shortfall in Prison Admissions from Maricopa County
- Shortfall Associated with 20% Reduction in Criminal Case Filings (April 1998 to Feb 1999)
- Filings Back Up by 22% (March - June 1999)
- Expect Corresponding Recovery in Prison Admissions Beginning in Early 2000
- Long-Term Growth Pattern Not Likely to Be Affected by this Six-Month Aberration

PROJECTED MONTHLY POPULATION GROWTH

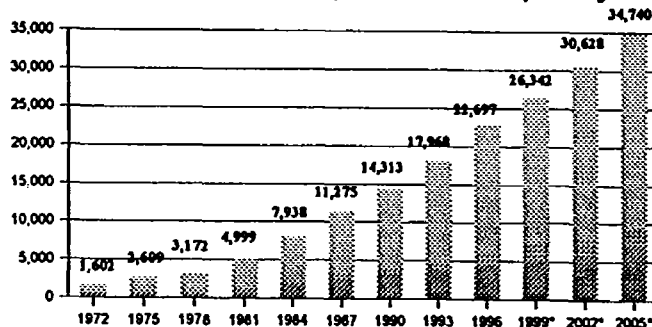
CURRENT FORECAST

• Adult Male General Population	84.8
• Adult Male DUI	16.0
• Adult Female General Population	10.0
• Male Minors	3.38
• Female Minors	0.04
TOTAL	114.2

PRISON POPULATION TREND AND PROJECTIONS

Calendar Year Ending, 1972 - 2005

• Population projections based on Oct. 31, 1999 population of 16,114 and 114.2 per month growth.



ARIZONA DEPARTMENT OF CORRECTIONS Design Bed Capacity and Population Projections Based on 114 Net Growth Per Month

CHANGES	BED CAP	POP GROWTH	+/-OP CAP	- NEW PRIV
FY 2000 (as of Sept. 30, 1999)	24,574	26,173	-1,599	
ASPC-Lewis Activation	2,150			
ASPC-Perryville Female Minors	32			
PRIVATE-DWI	400			(400)
Begin Conversion ASPC-Perryville (F)	0			
Annual Population Growth		1,028		
FY 2001	27,156	27,201	-45	(445)
Complete conversion ASPC-Perryville (F)	0			
Close ASPC-Phoenix/ACW	-250			
PRIVATE - Males	1,000			(1,000)
Annual Population Growth		1,371		
FY 2002	27,906	28,572	-666	(2,066)
TUCSON-New Complex Activation	1,100			
Annual Population Growth		1,371		

ARIZONA DEPARTMENT OF CORRECTIONS Design Bed Capacity and Population Projections Based on 114 Net Growth Per Month

CHANGES	BED CAP	POP GROWTH	+/-OP CAP	- NEW PRIV
FY 2003	29,006	29,942	-936	(2,336)
TUCSON-New Complex Activation	3,300			
Annual Population Growth		1,371		
FY 2004	32,306	31,313	993	(407)
Recap/Diag & Ment Health	1,000			
Close ASPC-Phoenix	-552			
Annual Population Growth		1,371		
FY 2005	32,754	32,684	70	(1,330)
Annual Population Growth		1,371		
FY 2006	32,754	34,054	-1,300	(2,700)

Prepared by: ADC Office of Strategic Planning and Budgeting
Date Prepared: November 10, 1999

PRISON PRIVATIZATION

ASP - APACHE

ASP - APACHE

- ADC Director Normally Authorized to Privatize
- Difficulties with Proceeding to Privatize ASP-Apache
 - Enabling Statutes are Unique
 - Legislation is Required to Authorize and Initiate an RFP

ASP - APACHE

LEGISLATIVE HISTORY

- House Bill 2002 (1992) authorized the Apache County Board of Supervisors to enter into an Intergovernmental Agreement with the Department for the lease of a prison with approximately 250 beds.
- The terms of the lease provisions in this Bill were amended in 1993
- The Lessee is Apache County and ADC is a Sublessee.
- The Prison is Owned by Bank One, Arizona and the Apache County Public Finance Corporation as Trustees

ASP - APACHE

STATUTORY AUTHORITY NEEDED

- **Retire the Certificates of Participation:**
 - So that the Interest Portion is Sheltered from State and Federal Income Tax
- **Authorize Department of Administration Director:**
 - To Acquire Title and Sell to a Private Contractor
 - Private Contractor then Authorized to Operate and Expand the Facility (subject to terms of the RFP)

ASP - APACHE

ADC POSITION

ADC SUPPORTS THE CONCEPT OF
PRIVATIZING THE APACHE UNIT, WITH THE
CONTRACTOR OWNING AND EXPANDING
THE UNIT

SOUTHERN REGIONAL PRISON COMPLEX - TUCSON

SRPC - TUCSON

- Privatizing SRPC - Tucson: **Not Recommended**
 - Does Not Meet ADC Criteria: Not a Specialized or One Way Population
 - Breaks up System of Custody Levels by Inserting a Private Contractor
 - Increases Number of Private Beds from 6% to 22% (22% includes 1400 newly authorized private beds)
 - Private Sector Results With Custody Levels Above Minimum are Mixed

ASPC - SAFFORD

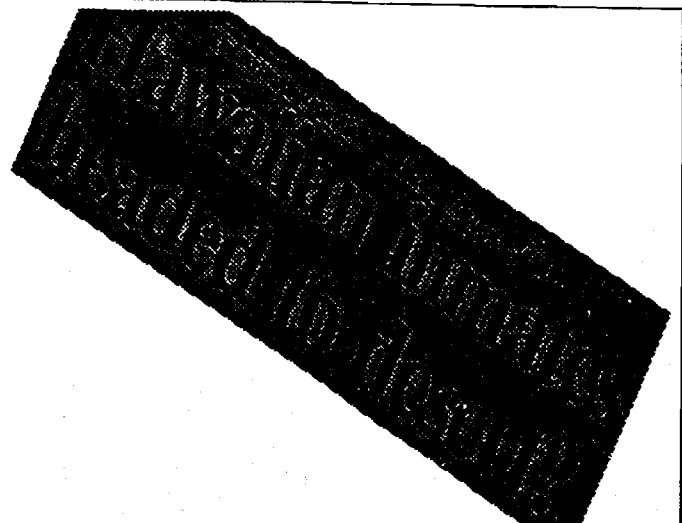
ASPC - SAFFORD

- Privatizing ASPC - Safford: **Not Recommended**
 - ADC Seeks to Cluster Prisons for Reduced Costs (Apache is an exception and therefore appropriate for privatization)
 - ADC Recently Consolidated Safford and Ft Grant to Reduce Administrative Costs
 - Difficulty in Assessing Ft Grant's Value Would Force ADC to Split the Two Institutions Again Before Privatizing

SPECULATIVE PRISON GROWTH

WHAT IS A SPECULATIVE PRISON?

- A privately operated prison
 - May be owned by a governmental entity, which may not house any inmates in the facility but contracts with the private company to build and operate the prison as a source of revenue and jobs for the local community.
- A prison developed on a speculative basis
 - Without a contract with any agency for the housing of inmates, or
 - A private prison that began with a contract with one state but later markets open beds to other states as it expands and/or loses the original contract.



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Council OKs prison plans
3 propose prisons in Mohave
Contract is awarded for private prison near Knappton

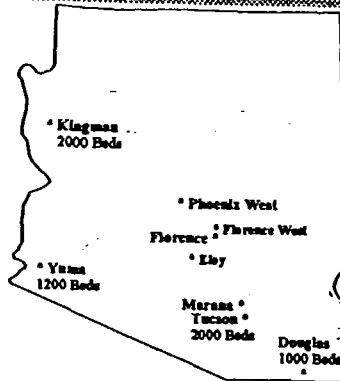
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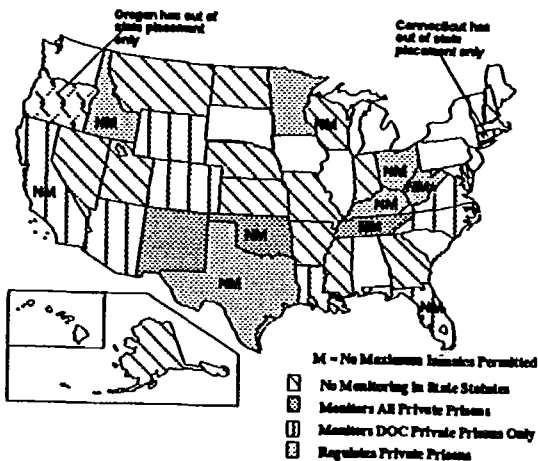
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